

Reviewing how the financial services regulators consider complaints



The Commissioner

Annual Report and Accounts 2024-2025 (for the year ended 31 March 2025)

Presented to Parliament pursuant to section 87 of the Financial Services Act 2012 (as amended by the Small Business, Enterprise and Employment Act 2015 and the Financial Services and Markets Act 2023).

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Office of the Complaints Commissioner Annual Report 2024/25

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ANNUAL REPORT 2024-2025

This is the Annual Report of the Complaints Commissioner. It covers the period from 1st April 2024 to 31st March 2025.

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Foreword by the Commissioner

Foreword

This is my second report as the Complaints Commissioner and covers my first full year in the position. This year has been an extremely busy and important year for my office, which started with a determined and intensive effort to clear a substantial inherited backlog of complaints whilst efficiently handling the continued high volumes of new complaints throughout the year, including a number of complex complaints and group complaints. The FCA Complaints Team has been helpful in providing me with the necessary assistance in achieving this. A major focus for my office this year has been conducting an extensive and detailed investigation into the group complaint raised by multiple complainants regarding the British Steel Pension Scheme (BSPS). At the time of writing, the investigation was nearing completion, and my report will be issued early in the new reporting year.



This year also saw a notable rise in complaints relating to Peer-to-Peer (P2P) lending platforms. Whilst I have not, so far, upheld narrow points raised in individual complaints, it is clear that there are similar themes emerging from these complaints. In particular two broad concerns have been raised by complainants:

First, a historic concern relating to the operation of the P2P market between 2014 and 2018. Complaints highlight the detrimental impact this period had on many individuals, with systemic issues contributing to significant consumer harm.

The second is whether the regime has been, and continues to be appropriate.

Given the high volume of complaints and the serious nature of the issues raised, alongside the failure of several platforms, I have committed to engaging with the FCA (and have already initiated this process) and propose to invite them consider whether any further action is necessary or appropriate and to report to me on their conclusions. Given the potential benefits of this sector both in terms of the opportunities it offers investors and potential benefits to businesses and therefore the wider economy, it is important that the regulation of this sector gets right the balance between investor protection and a positive environment for businesses. While concerns surrounding the P2P sector represent a material portion of this year's complaints, they are part of a broader picture of consumer vulnerability in the financial services space.

Another recurring theme relates to the FCA's supervision of the Self-Invested Personal Pension (SIPP) industry. Several complex cases are revealing troubling patterns—particularly instances where, again mostly in relation to firm failures, consumers appear to be locked out of access to their cash and assets for prolonged periods. I have committed to complainants to liaise with the FCA on this topic as well.

These issues—whether arising from the P2P sector, the SIPP industry or other sectors highlight the broader challenges in regulatory oversight, especially in areas where consumer protections intersect with evolving and complex issues of prioritisation of resources and objectives on the part of the FCA.

I fully understand and accept that the FCA operates as a risk-based regulator, has limited resources and does not operate a zero-failure regime. I also acknowledge that it has broad discretion in determining how best to deploy its resources. However, as the FCA itself recognises, it "must also be held to account for [our] actions and learn lessons wherever possible."

In this context, there have been a number of investigations that reflect a degree of tension between our two organisations in terms of evaluative judgments—particularly around what may or may not constitute a reasonable course of action by the FCA with respect to its supervisory role. That said, although extremely important, I am pleased to note that such instances have been relatively limited this year. I remain committed to constructive collaboration with the FCA to support greater alignment in our thinking and, ultimately, better outcomes for consumers.

To support this shared goal, I have agreed with the FCA to meet on a quarterly basis to discuss the broader implications arising from the complaints I have reviewed. These meetings are intended to ensure that the Complaints Scheme can serve not only as a mechanism for redress, but also as a constructive tool to help inform the FCA's thinking and highlight areas where it can enhance outcomes for consumers.

This commitment to ongoing dialogue and collaboration with the FCA reflects a broader effort to ensure that insights from complaints lead to meaningful improvements. I am pleased that my office continues to have good dialogue with both with the FCA complaints team and the wider FCA organisation including the FCA Executive, which I look forward to building on next year.

The themes emerging this year, some of which are explored in more detail below, also speak to the increasing complexity and volume of the work undertaken by my office. We have seen a rise not only in the complexity of individual complaints, but also in the number of group complaints brought forward. In total, we handled 954 complaints and enquiries this year—up from 861 last year. Encouragingly, we issued Preliminary Reports in 97.87% of individual complaints within 12 weeks, exceeding our internal targets and maintaining no backlog of complaints.

However, these growing demands have not come without operational pressures. To respond effectively, I am in the process of restructuring the office, streamlining investigative processes, and I am currently in the process of recruiting additional staff and increasing the budget to ensure we can continue to meet our responsibilities in a timely, robust and efficient manner.

None of this work would have been possible without the commitment and professionalism of my team. This year, they have made an immense effort to help ensure we end in a strong position. Their continued focus, drive, and support throughout an exceptionally busy period have been invaluable, and I want to express my sincere thanks to all my colleagues.

Rachel Kent

Complaints Commissioner

Complaints against the Financial Services Regulators

The role of 'investigator' (The Financial Regulators Complaints Commissioner, the "Commissioner") was established by Parliament to provide an independent review of complaints against the Financial Conduct Authority (FCA), the Prudential Regulation Authority (PRA), and, in the case of the Bank of England, it's oversight of clearing houses, central securities depositaries, inter-bank payment systems and wholesale cash distribution (the "Regulators").

The Commissioner also undertakes a similar role in a voluntary complaints scheme for complaints about the Payment Systems Regulator (PSR). It is expected that complaints that currently fall within the remit of the voluntary PSR Complaints Scheme will likely be brought within the scope of the FCA's Complaints Scheme, when the merger of FCA and PSR takes place. The FCA, PSR and OCC will work together to understand the impact for PSR complaints and a smooth transition.

If complainants are not able to resolve their complaint directly with the relevant Regulators and choose to refer it to the Commissioner, the Commissioner will consider the complaint, typically issuing two reports for each complaint—a preliminary one which both the complainant and the regulator have the opportunity to comment, and a final report—unless the complaint falls outside the Scheme. If the Commissioner upholds the complaint, she can make recommendations. The recommendations the Commissioner can make include recommending certain actions such as the issue of an apology, putting things right, or paying compensation.

A core feature of the Complaints Scheme is that the Commissioner typically issues two reports for each complaint—a preliminary one which both the complainant and the Regulators have the opportunity to comment, and a final report.

Although the Scheme is open to anyone affected by the decisions of the Regulators including both small and large regulated businesses—the majority of complaints and enquiries received are from individual consumers, who account for approximately 82% of all cases. The remaining complaints come from small, regulated businesses. The Commissioner remains committed to raising awareness of the Scheme among larger regulated firms.

The Commissioner is committed to working openly and being accountable. Her office is committed to working in accordance with the principles of good complaints handling set by the Ombudsman Association.

954 COMPLAINTS AND ENQUIRIES CLOSED

WITHIN THE COMPLAINTS CLOSED, 325 COMPLAINT ELEMENTS WERE INVESTIGATED, OF WHICH THE COMMISSIONER DISAGREED WITH 11% OF THE FCA'S DECISIONS





97.87% OF INDIVIDUAL COMPLAINTS* WERE ISSUED A PRELIMINARY REPORT OR DECISION LETTER WITHIN OUR SERVICE LEVEL



103 RECOMMENDATIONS, SUGGESTIONS OR CRITICISMS MADE

* The individual complaints do not include those complaints received as part of a group investigation.

The Commissioner considered 954 cases during the year, compared to 861 the previous year. During the period, the Commissioner closed 584 complaints and enquiries, compared to 763 last year. 370 complaints and enquiries are still in progress and will be reported next year, 343 of these are group complaints about the FCA's handling of British Steel Pension Scheme (BSPS), Collateral UK, Blackmore Bonds and The House Crowd.

3 Table 1: Total complaints and enquiries dealt with for all regulators

· ·	-	
Complaints and enquiries dealt with	2024-2025	2023-2024
Complaints and enquiries in progress at the start of the period	99 ^{note 1}	40
New enquiries and complaints received	855	821
Total number of Complaints and enquiries considered	954	861
Complaints and enquiries closed during the year	584	763
Of which:		
FCA complaints and enquiries	343	576
PRA	7	
PSR	1	1
BoE complaint/enquiries	0	2
General enquiries not relating to the Complaints Scheme	233	175
Complaints and enquiries in progress at end of the period	370 ^{note 1}	99

Note 1 The Commissioner is currently investigating two large group complaints and concluded one group complaint during the year; these complaints are reflected in both the number of complaints in progress at the beginning of the year and the complaints in progress at the end of the year.

Of the 584 closed complaints and enquiries, 343 were about the FCA, 1 was about the PSR, and 7 were about the PRA, of which 1 was an enquiry.

233 complaints and enquiries were about financial services providers or other bodies, rather than the Regulators, and in those cases, they were directed to the relevant organisations where appropriate.

The OCC processed 2 data subject access request (DSAR) under the Data Protection Act 2018 (related to complaints against the FCA), 3 are in progress. These requests have a material impact on the resources of our office.

Bank of England and Prudential Regulation Authority statistics from 1st April 2024 to 31st March 2025

The Scheme covers complaints about the Bank of England's functions in relation to clearing houses, central securities depositaries and inter-bank payment systems, and wholesale cash distribution, and about the Prudential Regulation Authority (which is part of the Bank).

4 1 Complaints against the Prudential Regulation Authority

During the course of this year, the Commissioner concluded six complaints and one enquiry in relation to the PRA, this included three complaints carried over from 2023-2024. There were no open PRA complaints at the end of this year.

In complaint 202300713 -a joint complaint about the FCA and the PRA – the complainant raised issues about an entry on the Financial Services Register (FS Register) for a company which was an EEA passported company, which later re-domiciled from its EEA jurisdiction to another. The firm had two separate entries on the FS Register which were not linked and the Commissioner's report set out that the FS Register was misleading as a result. The Commissioner did not uphold the complaint but did raised some criticisms about the regulators and also made some recommendations with respect to the Register and how the complaint was handled. The FCA and the PRA provided a joint response and agreed to meet with the Commissioner to discuss the issues raised in the report. The Commissioner thanks the FCA and the PRA for taking the time to discuss the broader work it is doing in relation to the FS Register and confirming what its policy is in respect to listing host state regulators on the FS Register. (See 202300713)

In complaint 202300738 the complainant alleged the actions of the PRA over six years ago led to the loss of their job at a firm and harmed their professional reputation. They also claimed the PRA failed to communicate effectively at the time. The PRA declined to investigate due to the significant delay in submitting the complaint and the lack of reasonable justification for the delay.

The Commissioner found that although some aspects of the complaint—such as staff behaviour at a board meeting—were technically eligible for investigation, they were out of time and unlikely to affect the outcome now. The Commissioner also advised the complainant to raise four specific issues regarding the recording and future use of regulatory information directly with the PRA, before potentially referring the matter back for independent review.

Finally, the Commissioner noted that the complainant's request for an apology and ex-gratia payment concerning reputational harm had not yet been reviewed and could be raised as a separate complaint with the PRA. (See <u>202300738</u>)

In complaint 202400408 the complainant raised concerns about potentially fraudulent activity on their business account and felt Bank A failed to properly investigate. The PRA declined to investigate the complaint, stating it falls outside its remit, which focuses on the safety and soundness of financial firms, not customer service issues. The Commissioner agreed with the PRA's decision to exclude the complaint under the Complaints Scheme. (See 202400408).

In complaint 202300403 the complainant alleged fraudulent and criminal activity on their Bank A account, specifically one opened in New York, which was eventually frozen. The complainant believed the Bank of England and the PRA should be responsible for regulating Bank A due to its UK headquarters. The PRA excluded the complaint, and the Commissioner agreed with the PRA decision. (See 202400403)

In complaint 202300617 the complainant raised a complaint that the FCA/PRA have allowed the insurance industry to remove the 'opt in' for policy renewals and also that the FCA allowed the Insurance industry to embed the 'opt in' into its terms and conditions. The PRA excluded the complaint as it did not fall within its remit but rather within that of the FCA. The Commissioner agreed with the PRA's decision to exclude the complaint. (The complaint was then addressed by the FCA). (See 202400617)

In complaint 202300769 the complainant wrote to the PRA about their experience with other regulators. The PRA had set out to the complainant that the complaint did not relate to the relevant functions of the PRA and consequently it was not a complaint that could be investigated under the Complaints Scheme. The Commissioner agreed with the PRA's decision that the complaint could not be investigated under the Complaints Scheme. (not published)

4.2 Complaints against the Bank of England

Historically the volume of complaints relating to the Bank of England has been low and this year the Commissioner has not received any complaints against the Bank of England.

The Payment Systems Regulator statistics from 1st April 2024 to 31st March 2025

The PSR also maintains a complaints scheme to investigate complaints about the PSR function under the Financial Services (Banking Reform Act) 2013. This scheme is voluntary as it is not specifically set out as a requirement in the legislation. The scheme provides that if a complainant is dissatisfied with a complaint made to the PSR the complainant can refer the complaint to the Commissioner to investigate.

5.1 **Complaints against the PSR**

The Complaint Commissioner's office has received only a few complaints relating to the PSR over the past 10 years, and the Commissioner has not issued any reports relating to the PSR this year.

Currently the Complaints Scheme relating to the PSR is voluntarily complied with as the requirement for the scheme is not listed in statute. It is anticipated that following announcements from the Chancellor, and subject to consultation the functions of the PSR will primarily be consolidated into the remit of the FCA. On this basis it is assumed that the existing Complaints Scheme will apply to complaints relating to payment systems in the normal way once the consolidation has taken place. The FCA, PSR and OCC will work together to understand the impact for PSR complaints and a smooth transition. 6 1

The Financial Conduct Authority statistics from 1st April 2024 to 31st March 2025

The figures outlined below reflect a substantial increase in the overall workload compared to last year.

The Commissioner concluded 343 complaints and enquiries against the FCA this year, compared to 578 in the previous year. Not all complaints received were formally investigated under the Complaints Scheme, and the difference is primarily due to a higher number of enquiries handled in the prior period.

In terms of substantive decisions, 235 were concluded this year, compared to 283 last year—a broadly comparable figure.

However, there are currently 370 complaints in progress, a significant increase from 99 last year. This includes a greater number of complex investigations, such as those involving the FCA's role in relation to BSPS and Collateral, which require more time to resolve.

Table 2: FCA Complaints and enquiries dealt with during the year

Complaints and enquiries dealt with	2024-2025	2023-2024
Complaints and enquiries at the start of the period $^{Note 1}$	95	38
New complaints/enquiries received	618	632
Total enquiries and complaints, of which:	713	670
Closed complaints with a substantive decision	235	283
Closed enquiries	108	295
Total closed complaints and enquiries:	343	578
Open cases at the end of the year	370 ^{note 1}	93

Note 1 The Commissioner currently has two large group complaints ongoing, these complaints are captured and inflate the open cases number.

Of the 370 complaints currently in progress, 343 relate to group complainants within investigations concerning the FCA's oversight of specific firms, schemes, or sectors, while the remaining 27 are individual cases.

A number of these ongoing investigations are bigger and more complex (more so than previous periods) and are taking longer than the Commissioner's 12-week target for issuing preliminary decisions for this reason. This is due in part to the need to request additional information from the FCA. In some instances, preliminary decisions have had to be reissued as a result of further submissions. These factors all contribute to the extended timeframes involved in concluding complex investigations.

The Commissioner receives a high volume of enquiries each year, which demand significant resources to manage effectively. These can include but are not limited to:

- complaints which have not yet been considered by the FCA;
- complaints that are currently being considered by the FCA and where the Commissioner declines to intervene until the FCA investigation concludes;
- enquiries that relate to non-financial service matters (not within the remit of the Complaints Scheme);
- complaints which have been deferred pending the outcome of continuing regulatory action;

Types of complaints against the FCA

The number of complaint elements reviewed often exceeds the number of complaints, as many complaints contain multiple elements spanning different themes, (this is why the number of elements listed in the chart below and in Chart 3 and Table 4 are higher than the number of concluded complaints in Tables 1 and 2). As a result, breaking down the individual elements offers a more transparent and detailed view of the types of complaints reviewed by the Commissioner.

In 2024–2025, the Commissioner considered 325 elements across a wide range of issues within the 235 concluded cases. Chart 3 provides a breakdown of the issues these elements relate to.

The Commissioner reviews the methodology for capturing complaint trends and themes each year, which means data is not always directly comparable with previous years. In 2023–2024, every element from each complainant in a group complaint was counted individually. This year, each element has been recorded only once per group complaint. This change in methodology accounts for the apparent reduction in the number of elements recorded in 2024–2025.



Notes to Chart 3

- Note 1 This category relates to matters where the complainant has been unsatisfied with the FCA's authorisation/permission process for various reasons.
- **Note 2** Complaint relating to the FCA annual fees.
- Note 3 Complaints about the FCA late submission fees.

In general, as can be seen in this chart, the complaints reviewed year on year tend to be about the FCA's supervision of firms and/or an industry and this year the trend continued with 21% of the complaints falling into this category. These complaints relate to the FCA's failure to take appropriate action against a firm or wider industry that has resulted in consumer detriment.

Another notable category this year has been complaints relating to FCA internal actions which made up 36% of this year's complaints. There are a wide range of complaints that fall under this category but of particular note, as with last year, there have been a significant number of complaints about the FCA's customer service and the failings of the regulator's own complaint investigation process.

This year there has been a significant number of complaints about FCA annual fees and late submission fees, the former largely relate to advisors, who apply to cancel their permissions but are required to continue to submit regulatory returns and pay annual fees for the upcoming year if the firm was still authorised on a particular date. The latter generally relate to small firms, who dispute invoices, or the amount of fees related to late submission of regulatory returns.

Time bar complaints have again featured in significant numbers this year, marginally increased since last year from 6 to 8 this year, these related to complaints where the FCA has not investigated a complaint as the FCA determined that it was made outside the time frames allowed under the Complaints Scheme.

Complaints about the FCA's oversight of FOS made up 11% of the complaint elements this year. These complaints often relate to the length of time the FOS takes to respond to complainants, and complainants are often trying to get the FCA to intervene to improve matters and even seek that the FCA involve itself in making firms comply with FOS decisions.

Complaints about the FCA's failure to resolve a complainant's personal dispute with a firm made up a further 11% of the complaint elements. Generally, these complaints are not within the remit of the Complaints Scheme, and the complainants are signposted to the appropriate channels to purse their complaints, and any relevant supervisory information is passed to the appropriate FCA team.

A new category that we have captured this year are elements that relate to Rules and Guidance which we have not previously captured as an element in its own right. These elements are excluded under the Complaints Scheme; however they are consistently raised and the numbers potentially highlight that there is no clear avenue for firms and individuals to raise concerns about Rules and Guidance.

Decisions in concluded cases

The table below sets out the Commissioner's decision for each concluded element in terms of whether or not the Commissioner agreed with the FCA's decision.

Table 4: Commissioner's decisions in cases which were concluded

Total number of complaint elements investigated within 235 concluded complaints: 325

Decision	Number of Elements	Number of Elements the Commissioner disagreed with the FCA decision	Breakdown
Upheld	50	21	FCA did not uphold 15 elements, excluded 1, and did not investigate 5.
Not Upheld	141	1	FCA excluded 1 element which the Commissioner reviewed and did not uphold.
Excluded Note 1	60	3	FCA did not uphold 3 elements; Commissioner disagreed and excluded them.
Not Investigated Note 2	40	0	
Withdrawn	4	0	N/A
Sent Back to FCA for Review Note 3	30	11	7 cases: Commissioner disagreed with FCA's time-bar decisions.

Note 1 Complaints made that do not fall within the remit of the Complaints Scheme so therefore cannot be investigated by the Commissioner. 2.9 of the Complaints Scheme sets out types of complaints that cannot be investigated as they do not relate to the FCA's relevant functions and those complaints which fall under section 2.10 which sets out that complaints about the firms the FCA regulates cannot be investigated by the FCA.

Note 2 Complaints that have not been investigated that fall within the remit of the Complaints Scheme but fall within one of the exceptions set out under 2.11 of the Complaints Scheme. This also includes complaints the FCA has deferred due to ongoing regulatory action, complaints referred to the Commissioner out of time, and enquiries raised within a complaint investigation.

Note 3 This includes elements sent back to the FCA for an investigation or entire complaints sent back for an investigation.

This year 235 complaints were closed with a substantive decision. These comprised of 325 complaint elements. Of these, the Commissioner disagreed with the FCA's decision in 36 complaint elements, which is approximately 11% of the total elements made. The FCA does not record outcomes at allegation level only at the overall case level.

Although the Commissioner agreed with the vast majority of the FCA's decisions, nevertheless, in some of these cases, the Commissioner still identified some points which led her to highlight criticisms of the FCA policies/processes/procedures/remedies and made suggestions and recommendations for process improvements within the FCA.

The Commissioner upheld 3 complaints about the FCA's failure to regulate a firm and 3 complaints about the FCA's failure to regulate an industry. The Commissioner also upheld 2 complaints relating to FCA fees. The Commissioner upheld 7 complaints that had been time barred by the FCA and 1 complaint about the FCA publishing a firm on the warning list without sufficient attempt to notify it.

Elements relating to the FCA's handling of complaints have increased from last year. 40 elements were made about the FCA's Complaint Team, of which 18 were upheld.

Remedies

Pursuant to Section 87 of the Financial Services Act 2012, the Commissioner has the power to make recommendations where the Commissioner thinks it appropriate. In such a scenario where the Commissioner has made a recommendation, the Regulator must respond to the Commissioner's report and inform the Commissioner and the complainant of the steps which it proposes to take in response to the report. For ease of reference the relevant legislation can be located here specifically <u>Section 87 (5) of the Act: Financial Services Act 2012 (legislation.gov.uk</u>).

The table below details the remedies and recommendations made by the Commissioner in the past year.

6.4 Table 5: Remedies recommended by the Commissioner

Remedies recommended for concluded cases	2024-2025	2023-2024	
Explain			
Provide an update to the Commissioner	12	35	
Provide an update to the complainant	2	36	
Answering the complainants' question/s	5	4	
Internal actions/improvements			
FCA to provide feedback to relevant area	7	-	
Suggestions/Recommendations for improvements within the FCA or criticism	31	78	
Invitation to FCA to review information/comments and suggestions from complainants	4		
Investigation			
FCA investigation needed	10	2	
Apology	13	9	
Other			
Miscellaneous	4	_	
Wider recommendation made to FCA	5	_	
Рау			
Waive fee	2	_	
Compensation and increase in compensation	8	39	
Total	103	203	

Note: in some cases, there were multiple recommendations and/or suggestions on individual elements within a single complaint.

Across the complaint elements investigated this year, the Commissioner made 103 recommendations for remedies, regardless of whether the specific element was upheld.

Of the 103 recommendations made, the FCA did not accept 13. These were recommendations that the FCA:

- make an offer of compensation reflecting its contributory role with respect to the failure of the Connaught Fund and the complainant's losses. (202201587)
- to make a compensatory payment of the proportion of the complainant's legal fees. (202201743)
- consider the issue of compensation in the matter of Safe Hands and provide a response to both the Commissioner and the complainants on this point. The FCA did not accept this recommendation and said that it would not be offering a compensatory payment. (202400260)
- should extend the opening hours for its support line to assist with any IT issues encountered by firms or limit the times for submissions to be made online to office hours when IT assistance would be available. (202300382)
- improve its systems and processes for continuity of cases when staff leave the organisation. The FCA did not accept the recommendation because the FCA felt that it already had appropriate processes in place, which had just not been followed in that instance. (202300576)
- investigate a complaint that the Commissioner found the FCA had previously inappropriately excluded. (202300608)
- consider a review of the appropriateness of the level of the late reporting administrative fee. (202400142)
- review its internal processes in order to facilitate a fairer approach to firms which it names in online publications and also that it should apologise to the complainant. The FCA accepted it would review its internal processes but did not accept the recommendation for an apology. (202400204)
- should waive a £250 late submission fee in view of the deficiencies in the Connect system. (202400381)
- investigate a complaint (202400410)
- should make an additional compensation amount as a result of mistakes made when processing a firm's authorisation application. (202400548)
- improve the register to show that firms are linked to provide consumers with clear transparency when multiple records relate to the same firm (202300419)
- the FCA should be clear in its communications with firms that the annual fee will always be payable should the firm remain on the FCA Register after 31 March each year. The FCA advised that it did not accept this recommendation because it felt the information was already published on its website. The decision for this complaint was not published on the website so the FCA did not have the opportunity to publicly respond to this particular recommendation. (202400216)

Of the 103 recommendations, only eight related to compensation. It is also worth noting that the FCA itself proposed [ex gratia] payments in several cases due to delays in complaint handling—recommendations with which the Commissioner agreed were appropriate.

The remaining remedies were non-monetary. 43 were suggestions for internal actions or improvements, these were wide ranging and included but were not limited to:

- improvements to internal processes, communications, administration; (202300638 and 202300382)
- refining the wording that staff in the supervision hub used to relay key information to callers; (20221756)
- to provide training for staff where issues in processes and knowledge had been identified; (202300576)
- to improve its website platforms and helpline access for firms; (202300548)
- to improve the complaint process to ensure that decision letters are issued after any response dates provided to complainants to respond to complaint scope letters; (202300621)
- to take more care in its decision letters so that the outcomes are clear and accurate; (202300685)
- to log information supplied by complainants about firms to the relevant areas in the FCA; (202400339 and 202400491)
- to improve processes for contacting firms before putting them onto warning lists; (202400204)
- improving its communications to firms in relation to its annual fee; (202400216)

In one complaint as a result of the complainant raising their concerns, it was identified that an FCA IT system was causing emails to be sent appearing to be from employees of regulated firms but which in fact were from the FCA; this is known as 'spoofing'. This spoofing activity continued for a number of years without being identified by the FCA. Once the FCA was notified of the issues, the problem was swiftly remediated. It is now understood that the spoofing arose as a result of coding error.

The FCA accepted the Commissioner's recommendation to carry out a review of its processes applicable to its development and/or technical teams to ensure that not only are they robust from a technical point of view, but that they are compliant with all relevant laws and security standards and do not create problems in other areas, be that cyber security, data protection or any other. (See 202300790 and the FCA response)

At the end of the year, 3 recommendations remain under consideration by the FCA.

The Commissioner continues to monitor the implementation of accepted recommendations to ensure agreed improvements are carried out.

Table 6: Type of complainant

6.5

Type of complainant	Decision part of linked case	Deferred by FCA	Enquiry only	Excluded	Multiple allegation outcomes	Not investigated	Not upheld	Regulator re-opened s1 following OCC information request	Upheld	Withdrawn	2024- 2025
Total	51	10	107	33	51	12	51	13	11	4	343
Firms	4	2	13	3	15	4	16	3	4	3	67
Individual	42	8	91	30	36	7	32	5	7	1	258
MP on behalf of Constituent interest	0	0	1	0	0	0	0	0	0	0	1
Solicitor or other on behalf of individual or group	5	0	3	0	0	1	3	5	0	0	17

67 complaints were received from Independent Financial Advisers (IFA), small businesses authorised or otherwise affected by the FCA. The Commissioner issued a decision on 51 of those complaints; 3 were withdrawn, and 13 were enquiries.

19 of the 51 complaints related to fees. The complainants, all small firms, disputed invoices or fees related to late submission of regulatory returns or missed deadlines for applications for cancellation of permissions. Failure to submit returns results in administrative fees of £250 being issued, in accordance with the FCA rules. The Commissioner upheld one of these complaints due to an issue with the FCA's Connect system and recommended the FCA waive its £250 fee. The FCA accepted this recommendation. (See 202300548)

1 complaint was about the FCA not regulating an industry (gambling perimeter), the Commissioner upheld this complaint and made recommendations. (see <u>202300562</u> and <u>202300426</u>)

3 complaints contained elements that the FCA had failed to regulate a firm or group of firms. Two of these complaints were referred to the FCA for an investigation and the other was not upheld.

2 complaints were about the FCA's failure to resolve a dispute between the complainant and a firm, both of these complaints were not investigated under the Complaints Scheme, one complainant was referred to the FOS and the other had already been to FOS.

The Commissioner reviewed 1 complaint about the FCA's decision not to investigate a complaint, the Commissioner agreed with the FCA's decision as the complaint was excluded from the Complaints Scheme as it related to a FOS investigation.

1 complaint was about the FCA's failure to authorise a firm's application to be registered as a Small Payment Institution (SPI). The Commissioner did not uphold this element, however, she did uphold the delay in the FCA responding to the complaint. (see <u>202300799</u>)

2 complaints were about the FCA's customer service, one complaint was not upheld, the other had elements that were upheld.

There were 13 complaints from a Regulated firm (or previously regulated firm) or individuals complaining the FCA did not treat them right. Five of these complaints were answered under one report as they were from the same complainant, some of the multiple elements were upheld. (See 202201756) One was not investigated as it was better dealt with by the Upper Tribunal. One complaint was sent back for the FCA to investigate in the first instance and 5 complaints were not upheld, one of these did have an element relating to the customer service received from the FCA upheld.

2 complaints are deferred awaiting regulatory action, which the Commissioner agreed with.

4 complaints were not investigated by the Commissioner, 2 had previously been investigated and there were no grounds to reopen the complaints, and 1 complaint was not reviewed by the Commissioner due to a conflict of interest, this complaint was passed to an Alternative Investigator appointed by HMT. 1 complaint was being reviewed by the Upper Tribunal, it is the Commissioner's position that, where an issue that is the subject of a complaint to her office is also being considered by the Upper Tribunal, it is more appropriately dealt with by the Tribunal.

The Commissioner reviewed 4 other complaints on other matters, 1 complaint was about the time the FCA took to investigate a Firm, this complaint was not upheld. 1 complaint was about the FCA placing a firm on the FCA warning list, the Commissioner upheld this complaint and made recommendations. (See <u>20200204</u>)

A further complaint was about the FCA's failure to respond to a complaint about a Firm. This complaint was excluded under the Complaints Scheme. lastly, the other complaint was about a FCA file review, the Commissioner did not uphold this complaint.

Wider Implication Themes

During this period, there were many instances where specific, narrowly framed heads of complaint were not upheld, however, the investigation revealed more substantive underlying issues. In such cases, although the complaint does not meet the criteria for a formal finding in the complainant's favour, the Commissioner may still identify broader concerns—such as unclear communication, procedural weaknesses, or systemic failings—that warrant remedial action. These situations demonstrate the value of the Complaints Scheme not only in addressing individual grievances, but also in highlighting wider issues that may otherwise go unaddressed. As a result, the Commissioner often highlights concerns and/or recommend and suggest remedies even where the original complaint element has not been upheld.

During the year, the Commissioner, in consultation with the FCA, revised her approach to the decision-making process. It had become apparent that complainants with narrowly focused complaints—which were unlikely to be upheld—were experiencing delays because their cases were tied to broader, complex investigations into wider issues. While these wider issues were important, they did not directly impact the individual complainant's outcome.

To address this, the Commissioner introduced a change in process: separating the investigation of wider implications into a distinct, though related, line of enquiry. This allows for a timelier resolution of the individual complaint, while still enabling the Commissioner to highlight issues of 'wider implications' with the FCA.

Complainants have been informed that, once these wider reviews are concluded, the Commissioner's correspondence with the FCA on these matters will be published on the company website—subject to confidentiality restrictions.

Examples of some of these wider issues include:

The P2P industry

Investors have lost substantial amounts of money due both to borrower and platform failures. Whilst the Commissioner has not so far, upheld narrow points raised in individual complaints, she has identified the following concerns including whether the existing regulatory regime is adequate in addressing the following potential issues:

- (a) Firms' potentially poor/misleading communication and marketing materials.
- (b) Lack of clarity overdue diligence responsibilities of the platform versus the lender i.e. it is unclear to consumers what the appropriate level of due diligence should be in relation to the credit risk and adequacy of the security of underlying loans.
- (c) Lending Platforms' systems and controls: Questions arise about how adequately firms monitor the changing risk profiles of loans.
- (d) Industry compliance with, and understanding of, rules/guidance.

Self-invested Personal Pensions (SIPPS)

Several complex cases are revealing troubling patterns—particularly instances where, again mostly in relation to firm failures, consumers appear to be locked out of access to their cash and assets for prolonged periods. The Commissioner has committed to complainants to liaise with the FCA on this topic and will do so in the next reporting year.

Insurance Pricing

The rising cost of insurance premiums has attracted widespread attention and was reflected in several complaints. In one case, a complainant sought clarification on why premiums had increased so significantly. The Commissioner expressed concerns about the fairness of these increases and recommended the FCA assess whether further action is needed to ensure fair treatment of consumers. The FCA accepted the spirit of this recommendation, noting that it had already conducted a comprehensive evaluation of the pricing rules and reported its findings to the Treasury Select Committee in January 2024, which were subsequently discussed in April.

Insurance premiums based on incomplete postcode information was the focus of another complaint. Concerns about insurers using partial postcodes when calculating renewal premiums were raised. Although using full postcodes yields more accurate pricing, FCA rules do not mandate it. The complainant believed this led to unfair premium increases. Whilst the subject matter falls outside the scope of the Complaints Scheme, the Commissioner felt the issues were significant enough to comment on and recommended the FCA consider whether this practice warranted review. However, disappointingly, the FCA responded that it would not do so as that the issue did not appear to be widespread, although it has not provided the evidence for this conclusion.

The FCA's oversight functions

Financial Ombudsman Service (FOS)

Under FSMA, the FCA is required to take such steps as are necessary to ensure that the ombudsman scheme operator – the Financial Ombudsman Service – is, at all times, capable of exercising its statutory functions. A number of complainants have raised concern about the operations of the FOS during the year and the Commissioner is liaising with the FCA to achieve clarity about how it ensures the FOS is delivering its function effectively.

Perimeter

The FCA's handling of Perimeter matters relating to BetIndex Limited and Safe Hands raises important questions about the reasonableness of the FCA's decisions in responding to adverse or concerning information received about these firms. The FCA has a strong Unauthorised Business Department, but concerns are occasionally raised about decisions not to take action. In both the above cases, the Commissioner concluded that the FCA should have taken further steps to investigate the issues to which it had been alerted.

While the FCA accepted the Commissioner's findings in relation to BetIndex, it did not accept her conclusions regarding Safe Hands. The Commissioner will continue to engage with the FCA to promote, in so far as its appropriate, greater clarity and consistency in the application of its risk-based approach in such matters.

Supervisory failings on the part of the FCA

This year, complaints concerning the FCA's supervisory failings have formed a significant part of the Commissioner's workload. Among the complaints concluded, the Commissioner upheld six allegations related to supervisory failures. In addition to these concluded cases, several complex complaints remain ongoing, including four group complaints—BSPS, Blackmore, Collateral, and The House Crowd—which, as of 31 March 2025, involved a total of 343 complainants. Reports on these group and other complex individual complaints are expected to be published over the coming year, meaning this theme will continue into next year's work and will likely feature prominently in the next annual report.

Complaints about supervisory failure are wide-ranging. They include cases where the FCA allegedly failed to act on information about firms breaching regulatory requirements, resulting in consumer loss. Others concern broader claims that the FCA did not adequately supervise entire sectors to ensure proper standards were upheld, with recent examples involving the peer-to-peer lending and SIPP industries (discussed in more detail above).

This year, the Commissioner investigated 68 complaint allegations related to supervisory failings, upholding six of them. While the number of upheld allegations may seem relatively low, there have been notable cases in which, despite not upholding specific (often narrowly framed) complaint points, the Commissioner identified issues and offered criticisms for the FCA to consider regarding its supervisory practices. Examples include the final report on MoneyThing Capital Limited and the joint complaint 202300419 (FCA) and 202300713 (PRA) involving both the PRA and FCA. Overall, the Commissioner has made 49 recommendations in connection with allegations of supervisory failings.

Policy Issues

Time Bar

Under section 2.4 of the Complaints Scheme, a complaint must be submitted to the FCA within 12 months of the complainant first becoming aware of the issue they are raising.

In seven cases this year, the Commissioner disagreed with the FCA's decision to apply the time bar and decline to investigate the complaints. Following the Commissioner's reports, the FCA agreed to lift the time bar in each of these cases and proceed with investigation.

The difference between the FCA's initial decision to apply the time bar and the Commissioner's view that it should be lifted centred on the interpretation of when a complainant is deemed to have become aware of the issue to which the complaint relates. The Commissioner took the view that the appropriate test is based on *actual knowledge*—that is, when the complainant actually knew about the matter—rather than *constructive knowledge*, which assumes when a reasonable person *should have known*.

Compensation

The complexities surrounding compensation as a remedy under the Complaints Scheme were explained last year. The Commissioner has power to recommend a compensatory payment where she believes it is appropriate. The Commissioner noted that the Regulators' approach—initially adopted as policy and later formalised in the 2023 Scheme—means that compensatory payments for financial loss resulting from supervisory failure are unlikely to be made. Although the Commissioner found that the FCA had failed in its supervision of three firms and recommended that the FCA offer, or consider offering, compensation, the FCA declined to follow this recommendation. As a result, there has been no progress on this matter. The FCA has, however, made modest compensatory payments for errors on its part in its dealings with two regulated firms and for complaints handling delays. The Commissioner will continue to monitor the situation.

Cases of interest

VREQ- Case 202201756

This complaint relates to the Voluntary Requirement (VREQ) placed on the Financial Services Register in connection with a specific firm. The FCA failed to inform the complainant firm that following the satisfaction of all the points contained in the VREQ they would need to apply to have a VREQ lifted or for the FCA to remove the VREQ from the register of their own volition. As a result, the VREQ remained in place on the Register when it could have been removed which meant the record for the firm was not accurate. The FCA accepted the Commissioner's findings.

Double records on Register – Case 202300419 FCA and 202300713 PRA (joint FCA and PRA case)

This complaint concerns the FS entries for a firm that was based in one jurisdiction but subsequently redomiciled to another jurisdiction. The firm has two separate records on the FS Register to reflect the firm's different statuses. No link exists between these two records. Because of this, the Commissioner considers the FS Register is misleading. The FCA did not agree that the absence of links between these records on the FS Register means the FS Register is misleading or incorrect because if when searching for this firm's name on the FS Register, both records appear in the search results and contain information concerning the regulated activities the firm can carry out in the UK. Disappointingly the FCA has failed to address how consumers are meant to understand that the two records reflect the activities of one and the same firm.

Inaccurate entry on Register – Case 202201743

This complaint concerns the inaccurate entry on the FS Register for a specific firm. The firm should not have continued to show on the register after May 2021 because it no longer existed, but it continued to do so until July 2023, when the Register was finally updated by the FCA. The FCA accepted the register was incorrect however, disappointingly, it did not accept this inaccurate entry caused the complainant financial loss and did not accept the Commissioner's recommendation for compensation.

Resources

Under the Scheme, "The Complaints Commissioner must at all times act independently of the regulators; they may conduct an investigation in whatever manner they think appropriate including obtaining, at the regulators' expense, such external resources as may be reasonable."

Performance

The OCC is committed to meeting the standards of the Ombudsman Association Service Standards Framework and performance is monitored according to the service standards which we publish:

https://frccommissioner.org.uk/wp-content/uploads/Quality-and-Service-Standards-February-2025-2.pdf

Performance is measured based on the timeliness of investigations, the speed with which correspondence is dealt with and the outcomes from complaints about service.

The OCC acknowledges complaints within three working days, indicates the usual timescales for completion of investigations, and updates complainants every four weeks for individual complaints. Group complaints are provided with regular updates on the OCC website.

The OCC aimed to complete complaint investigations (Preliminary Report (PR) issued) within twelve weeks during the past year and this service level target will remain going into next year. This reflects the increase in more complex complaints and the time these cases take. The OCC has been advised that there is likely to be a number of new group complaints being issued in 2025/6, as a result the company is recruiting additional staff to enable it to manage these cases efficiently. 97.87% of cases received a Preliminary decision within 12 weeks during the past year this is an improvement from last year where we issued 76% of cases within 12 weeks this was as a result of a backlog of cases carried over from the previous year.

The OCC continues to review how feedback from complainants is obtained, and how this feedback can help inform internal systems and processes and general improvements in the transparency and accountability of the Scheme.

Expenditure overview

Our total expenditure for the year was £1,785,720, compared to £766,000 in the previous year. However, this comparison is not on a like-for-like basis, as essential costs were incurred this year that were not relevant in prior years—most notably, the establishment of a physical office and associated resourcing.

The increase in expenditure is primarily attributable to the following factors:

Accommodation

During the COVID-19 pandemic, the Office of the Complaints Commissioner (OCC) vacated its physical office premises, resulting in significantly reduced accommodation costs in previous years. Since then, in line with broader organisational practices—including those of the regulators—hybrid working models have become the norm, with regular in-person attendance expected.

Reflecting this shift and in accordance with evolving operational requirements, I have secured new office accommodation for the OCC. The increase in office expenditure—£132,796 this year compared to approximately £100,000 prior to 2016—represents a necessary adjustment to meet the needs of a functioning, professional environment, rather than a personal preference for office-based work.

Staff Costs

In late 2023, my predecessor informed the FCA that the OCC was significantly understaffed but chose to defer recruitment to their successor. This led to historically low staff costs and a considerable backlog of cases carried into the 2024–25 reporting period.

During this reporting year, we received 954 new complaints and enquiries—up from 861 in the previous year. Many of these were more complex in nature, including group complaints and a number of cases relating to the British Steel Pension Scheme (BSPS).

To address both the backlog and the increased case complexity, I engaged short-term resources while concurrently recruiting permanent staff. I am pleased to report that, as of 31 March 2025, the backlog has been cleared, and no cases are currently in breach of our service standards.

Expenditure

Profit and Loss Account

For the year ended 31st March 2025

	2024/25 £	2023/24 £
Administrative expenses	(1,785,720)	(766,126)
Other operating income	_	-
Operating loss	_	-
Interest receivable	_	_
Profit on ordinary activities before taxation	_	-
Tax on profit on ordinary activities	_	-
Profit on ordinary activities after taxation	_	_

All amounts relate to continuing operations.

There were no recognised gains and losses for 2025 nor 2024, other than those included in the profit and loss account.

The audited accounts for the period ending 31st March 2025 are available from the Registrar of Companies, Companies House, Crown Way, Maindy, Cardiff, CF14 3UZ. The company's auditors are Price Bailey.

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